

# The Budget and Control Board

## A Historical Timeline

**1870:** Act 280 of 1870 establishes the General Sinking Fund, a predecessor of the Insurance Reserve Fund. A sinking fund is an account into which deposits are made to pay for future expenses, such as an insurance loss.

**1933:** A temporary provision in the Appropriation Act establishes the State Budget Commission comprised of the Governor, the Chairman of Ways and Means and the Chairman of the Senate Finance Committee. The commission presents a budget recommendation to the General Assembly and appoints the newly-created position of State Auditor.

**1944:** Voters approve a constitutional amendment removing the prohibition of a retirement system for public employees.

**January 1945:** The South Carolina Preparedness for Peace Commission issues a major report calling for complete overhaul of South Carolina state government. While not all of the report was adopted, the study outlines the basic structure and duties of what will become the Budget and Control Board.

**July 1, 1945:** The South Carolina Retirement System begins operation. Charles Hammond Gerald serves as first director.

**February 20, 1948:** Act 621 becomes law creating the State Reorganization Commission to recommend consolidation, abolition, merger or transfer of existing offices to improve efficiency of government.

**January 10, 1950:** Governor Strom Thurmond submits Reorganization Plan No. 2 to the General Assembly, which calls for the creation of the State Budget and Control Board. Thurmond endorses the plan because it “will result in improved efficiency and greater economy in our State Government.” It is approved overwhelmingly by the General Assembly.



*The Budget and Control Board, 1950. Governor Strom Thurmond is at the head of the table.*

**June 24, 1950:** First meeting of Budget and Control Board in the office of Governor Strom Thurmond.

**July 1, 1962:** The Police Officers Retirement System begins operation.

**July 1, 1964:** The Division of General Services is created by budget proviso. The division includes responsibility for property, printing, state purchasing, management of state automobiles and archiving of state records.

**1965:** State Auditor James Smith retires from the position he held since it was created in 1933. The State Auditor drafted state budget proposals and served as the chief liaison between the Board and state government. James Smith is replaced by his nephew, Pat Smith.

**April 1, 1966:** The Division of Research and Statistical Services is formed within the State Auditor's Office. The division becomes a separate organization within the Board structure in 1970.

**March, 1968:** The State Personnel Division is created to draft a classification and compensation system for all state agencies.



Capitol Complex Construction

**Late 1960s-early 1970s:** Board oversees extensive construction including new buildings for the Supreme Court, the state library and the General Assembly. Work is also begun on the State House Parking Garage.

**July 1, 1972:** The state employee health insurance program initiated.

**1973:** The Board of Economic Advisors is established by the Budget and Control Board to project state revenues for the annual budget.

**July 1, 1975:** State Personnel Act takes effect.

**1975:** The Division of Motor Vehicle Management is established by the Budget and Control Board.

**July 1, 1976:** State Auditor Pat Smith is replaced by Bill Putnam after 11 years on the job. One political reporter remarked that that quiet, unassuming Smith had been the most powerful individual in state government: "The bulk of the decisions are the auditor's and in the Smith regime they were rarely questioned or challenged."

**1976:** The Office of Cooperative Health Statistics and the Office of Geographic Statistics are transferred to Division of Research and Statistics.

**July 12, 1977:** The South Carolina Supreme Court rules that the presence of two legislators on the Budget and Control Board does not violate constitutional provisions for the separation of powers. It is the last of a series of challenges to the structure of the Board.

**September 1978:** State Auditor Bill Putnam is named the Board's first Executive Director.

**July 1978:** The Division of Local Government is transferred from the Governor's Office to the Budget and Control Board.

**1979:** The South Carolina Geodetic Survey is established. The Office of Geological Survey is transferred to Research and Statistics from the State Development Board Board.

**May 24, 1983:** The Division of Information Resource Management is created. Today it is known as the Office of the State Chief Information Officer.

**January 1, 1984:** The State Auditor becomes separate entity that reports directly to the five-member Board. Some duties once overseen by the auditor are now centered in the new Office of State Budget.

**1986:** Jesse Coles becomes the second Executive Director of the Budget and Control Board.

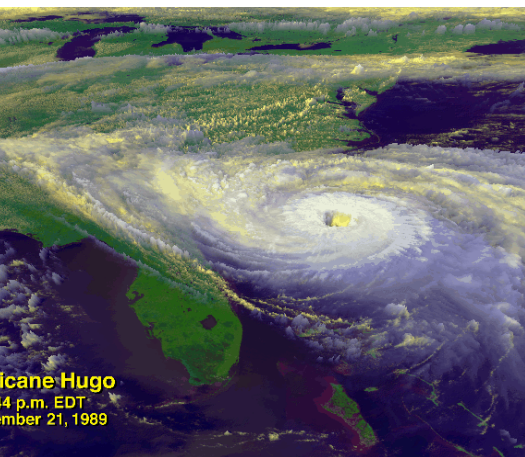
**July 1, 1987:** Internal Operations transferred from a staff function under the Office of the Executive Director to division status.

**September 21, 1989:** Hurricane Hugo crashes into the South Carolina coast and plows inland, eventually producing \$6 billion in damage to the state. The Board plays a key role in coordinating

state disaster relief efforts and insuring millions of dollars in damaged government property.

**1990:** Executive Institute established.

**December 17, 1991:** Luther F. Carter becomes Board's third Executive Director.



*Fred Carter (l) talks with Comptroller General Earle Morris, 1997*





*Gov. David Beasley (l), Rep. Henry Brown and State Treasurer Richard Eckstrom (r) all joined the Board in 1995*

**July 1, 1994:** Governor Carroll Campbell moves the Office of Energy Programs from the Governor's Office to the Budget and Control Board.

**January 1995:** Governor David Beasley, House Ways and Means Chairman Henry Brown and State Treasurer Richard Eckstrom all join the Board. This change gives the Board a Republican majority for the first time and marked the start of a period of more rapid turnover in Board membership.

**1995:** The Board begins the biggest construction project in its history: a three-year renovation of the State House. The General Assembly relocates to temporary quarters in the Carolina Plaza on Assembly Street.



**1997:** The Confederate Relic Room and Museum joins the Board.

**June 30, 1999:** The South Carolina Retirement Systems makes its first investment in the stock market by investing \$917 million in an S & P 500 Index fund managed by State Street Global Advisors. A delegation from the Board, including House Ways and Means Chairman Henry Brown, Senate Finance Committee Chairman John Drummond, Treasurer Grady Patterson and Comptroller General Jim Lander, ring the closing bell on the New York Stock Exchange.



**July 1, 1999:** Rick Kelly becomes the fourth Executive Director of the Budget and Control Board. Fred Carter leaves the Board to become President of Francis Marion University.

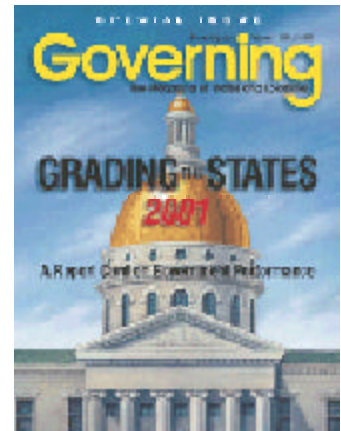
**1999:** The State Data Center opens on Broad River Road to house the Office of Information Resources and 11 consolidated state government computer operations.

**1999-2001:** Board manages renovation of the Governor's Mansion. Governor Hodges lives in a temporary residence in Shandon. The First Family returns to the Mansion February 13, 2001.



**November, 2000:** Governor Jim Hodges unveils MySCGov.com, the new state government Internet "portal" designed by OIR. The site can accommodate credit card payments, opening the world of electronic commerce to state agencies.

**2001:** *Governing* magazine's report card gives the Office of Human Resources the nation's top rating. "South Carolina stands out as a model for states with a decentralized personnel structure," the magazine stated in giving S.C. human resources management the only "A" score among the nation's 50 states.



**June 1, 2001:** Frank Fusco becomes the fifth Executive Director of the Budget and Control Board.

**July 1, 2001:** The 2001-02 state budget takes effect with a 15 percent general fund reduction for the Budget and Control Board totaling \$5.2 million.

**December 11, 2001:** Frank Fusco reorganizes the Board into 8 divisions and names Steve Osborne Chief of Staff.

**July 1, 2002:** An additional \$1.89 million cut in the Board's general fund budget takes effect for a total two-year reduction of 21.1 percent. The Board's general fund budget is the smallest it has been since 1985-86. The number of employees is down by 115 in one year, a reduction of nearly 10 percent.